

The Address—Mr. Pearson

Times, which on July 8 referred to the Prime Minister as saying that 15 per cent diversion was a "planned objective" and again, on November 22, as a "project" of the Prime Minister; and later, on April 21, 1958, it complained that the Prime Minister's statement to the *U.S. News and World Report* had caused "some perplexity here." As late as April 28 of this year Sir David Eccles called the diversion idea a "proposal", which it now seems to be in the minds of hon. gentlemen opposite.

There was also no doubt in the United States as to the meaning of what had been said. It was interpreted by our neighbours across the border as a government proposal, as government policy and as a government objective to do what it could to switch 15 per cent of our imports from our neighbour to the south to our mother country, and that a Canadian mission was sent to the United Kingdom at government expense for that purpose. Indeed, what other interpretation was possible in the light of all that evidence? But one is prompted to ask, why this retreat from that interpretation now? Why this attempt to slip out of this policy by diversion?

Mr. Garland: The election is over.

Mr. Pearson: Yes, the election is over and perhaps that may have something to do with it. But perhaps also the government has learned something about the facts and requirements of international economic policy.

There is another aspect of United Kingdom-Canadian trade policy that I would like to mention again, namely the offer of a free trade agreement made to the government by the Chancellor of the Exchequer last summer and on which our policy has already been stated more than once before the election, during the election and after the election. The Liberal party has taken a stand with regard to this question.

Mr. Green: And no one has been able to determine what your stand is. What is your stand?

Mr. Pearson: Our stand is that this proposal should have been given at once full and sympathetic consideration by the government on the highest political level. It certainly should have been given that consideration by a government which had just expressed its intention to switch \$620 million worth of business from the United States to the United Kingdom.

Mr. Green: Are you for it or against it?

Mr. Churchill: Watch the hon. gentleman divert to another subject.

Mr. Pearson: Mr. Speaker, I am very glad indeed to talk about this. We have already stated that immediately upon receipt of this

offer we would have responded at once to the request of the United Kingdom to set up a political meeting at the highest level so that immediate, careful and sympathetic consideration could have been given to this policy. Well, what did my hon. friends opposite do?

Mr. Fleming (Eglinton): What about your attitude?

Mr. Pearson: They did not even talk about it. There was an embarrassed silence on the part of a government which has not been silent in many other respects, especially recently. There has not been one word from any representative of the government that I have been able to detect in regard to this particular offer, and perhaps we should remember that the president of the board of trade has within the last few weeks said in Montreal, on his way to Venezuela, I think, that this offer will be renewed at the forthcoming commonwealth conference.

I ask the Prime Minister again, what will be the attitude of the government to that offer which has been renewed within the last few weeks? While this party, as I have already said, has over many years been concerned with developing trade with Britain, we have also been even more concerned with developing—

Mr. Green: Trade with the United States.

Mr. Pearson: —international trade generally on the widest possible multilateral basis, with the freest possible exchange of goods and services, with the removal of quotas and controls and restrictions, with the return to convertibility between the dollar and pound. It must give any Canadian some cause for anxiety at this time to realize that restrictionist tendencies have begun to appear again on the international trading scene. That is true not only in the United States but also in Europe in spite of the movement there toward a common market and a free trade area. Surely there is real cause for anxiety on the part of any Canadian in that development.

There can be no more important policy for Canada, no more important step to the realization of our great destiny, than to defeat these restrictionist tendencies at home and abroad, to work for the greatest and freest possible system of trade and payments, not merely on a bilateral but on a wider and, indeed, particularly on an Atlantic basis. That may seem to be a farfetched, unrealizable vision, one impossible to achieve, but I suggest that its achievement is becoming more and more essential both for political and economic reasons. Either the Atlantic community, the Atlantic association goes